

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 985 - SB 1273**

March 18, 2011

**SUMMARY OF BILL:** Authorizes the sale of alcoholic beverages in the unincorporated areas of any county having approved the sale of alcoholic beverages for on-premises consumption by local option election in a county-wide referendum.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue – \$12,000/FY11-12/ABC Fund  
\$1,200,000/FY11-12/General Fund  
\$42,000/FY12-13/ABC Fund  
\$2,400,000/FY12-13 and Subsequent Years/General Fund  
\$60,000/FY13-14 and Subsequent Years/ABC Fund**

**Increase State Expenditures – Not Significant**

**Increase Local Revenue – \$160,000/FY11-12/Permissive  
\$320,000/FY12-13 and Subsequent Year/Permissive**

**Increase Local Expenditures – Not Significant/Permissive**

**Assumptions:**

- This bill will apply to 88 counties. Six counties do not allow the sale or consumption of alcoholic beverages. Knox County currently allows the sale of alcoholic beverages in the unincorporated areas of the county.
- According to the Alcoholic Beverage Commission (ABC) there are six establishments licensed to serve liquor-by-the-drink in the unincorporated areas of Knox County.
- Based on information provided by the ABC, there will be 40 new licenses issued in FY11-12 and 40 new licenses issued in FY12-13. All 40 licenses issued in FY11-12 will renew in FY12-13 and all 80 licenses will renew in FY13-14 and subsequent years.
- The application fee for each license is \$300 and the minimum annual renewal fee is \$750.
- The increase in revenue to the State ABC Fund is estimated to be \$12,000 in FY11-12 (\$300 x 40 licenses); \$42,000 in FY12-13 [(\$300 x 40 licenses) + (\$750 x 40 licenses)]; and \$60,000 in FY13-14 and each subsequent year (\$750 x 80 licenses).
- Based on information provided by DOR, each license will generate approximately \$30,000 in state sales tax revenue and \$4,000 in local option sales tax revenue. There will be an increase to state sale tax revenue of \$1,200,000 in FY11-12 (\$30,000 x 40 licenses); \$2,400,000 in FY12-13 and subsequent years (\$30,000 x 80 licenses).

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- Based on information provided by DOR, the increase to local revenue is estimated to be \$160,000 in FY11-12 (\$4,000 x 40 licenses) and \$320,000 in FY12-13 and subsequent years (\$4,000 x 80 licenses).
- There will not be a significant increase to state or local expenditures to accept and manage new licenses or collect additional tax revenue.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/agl